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INDIA'S POSTWAR TRADE POLICY

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This pamphlet was compiled by a Committee of Home Rulers, who are now minutely studying problems of current interest to the Indian Nation. Suggestions and criticisms will be gratefully received by the Committee and they may be addressed to M. Subraya Kamath, 10, *Esplanade, Madras.*

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THE HOME RULE BOOK SHOP

10, ESPLANADE, MADRAS.

Single Copy, 2 annas.] [Ten Copies One Rupee.

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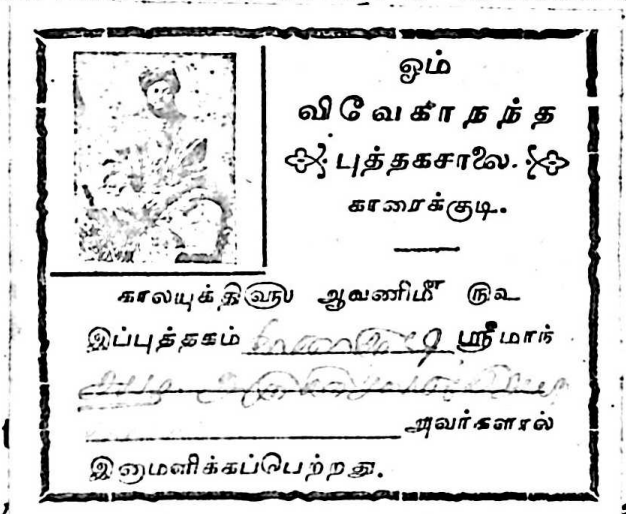
The Purse of India

BY

M. SUBRAYA KAMATH

Sub-Editor: NEW INDIA & COMMONWEAL



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AL. S. AL. Arunachalam Chetty.
Karaikudi. Ramnad District.

INDIA'S TRADE POLICY AFTER THE WAR.

The great German Economist, List, points out in one place what happens when a country like India comes into the vortex of universal competition. He says that when a country, industrially backward, with antiquated methods of manufacture, dependent largely on manual labour, comes into the vortex of universal competition—competition with countries which use steam and machinery and the latest researches of science in their production—the first effect is to sweep off local industries, and the country is thrust back on agriculture and rendered almost entirely agricultural for some time. But then, here, he says, comes in the duty of the State. When such a situation is reached, the State, he says, should step forward, and by a judicious system of protection it should foster such industries as are capable of being fostered, so that the country may once again enter on its industrial path with the aid of the latest appliances, and ultimately stand successfully the competition of the whole world. Now, Sir, if we had a potent voice in the administration of this country, I certainly would strongly advocate that the Government of India should follow this advice of List ; but as things are, for a long time to come this will not be practicable ; and as practical men, we must accept the situation and make the best of it. Personally, therefore, I think that for the present we should ask the State to give only such help to the industry, as it can, without running counter to the principles which are at present in the ascendant in the administration of this country —I mean free-trade principles. Sir, I stated my opinion this morning that I was not sorry that the policy of the State to-day is a free-trade policy ; it is the least harmful, it is the safest and till we are strong I should not like to see it change. If the Government of India or the Secretary of State had the power to grant protection in the present circumstances, I am not sure that it would be employed in the best interest of the people of this country.—G. K. GOKHALE.

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The policy laid down by Mr. Gokhale in the above passage must still command the approval of all thoughtful Indians. He uttered that warning when a Protectionist resolution was moved in the Supreme Legislative Council, and the political status of India has not materially changed since then. Any student of our fiscal policy must ask himself one preliminary question: Which is the safest course for India as at present constituted? It may be that the safest course is not the best; but the policy considered most advantageous may be rendered unsafe by the political cross currents. Many instances can be given to prove that as a probability. To take a concrete case, has any Indian asked who is benefiting by the ten per cent duty on sugar imports? Who are the manufacturers here—Indians or non-Indians? The latter surely preponderate. So the net effect of the import duty has been to increase the profits of the producers, mainly non-Indian and, in addition, to inflict a harpship on the consumer who has to pay ten per cent more for his sugar. If, at the same time, the children of the soil are to be encouraged to build up a strong sugar industry, there will be the consolation that at least in the near future, the imports will be curtailed and that greater competition between the the local producers will bring down prices. We are aware of the existence of some critics who prefer the building up of foreign industries in India to the present dependency of the country on foreign imports; but they forget that the alternatives open to this country are not whether Indians should be dependent on foreigners here or foreigners abroad. The issue must be between Indians and non-Indians. Moreover, the creation of a strong foreign vested interest in the country may prove a very dangerous legacy to coming generations in India; we know how those non-Indians are now conducting themselves in matters of National importance. Who is the patriot who ventures to plead for their increase or their strengthening in our midst?

This brings us to the surprising statements which are often made by our publicists on the subject of fiscal autonomy. Indians are assured by them that the moment we obtain fiscal autonomy, all will go on very well. What they mean

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by that, they themselves do not often know. Broadly speaking, they demand that India must have the right to regulate her fiscal policy. No one will question the wisdom of that policy, but how is that to be obtained in practice? By "India," what do they mean—the people, or the Government of India as at present constituted? If they mean the people, then they are demanding political autonomy, something more than Home Rule. For we must remember that no offer of Home Rule to Ireland ever thought of giving her people power to regulate her fiscal policy. We are styled Extremists for demanding Home Rule; what appellation then shall be given to those who ask for fiscal autonomy for the people? A great many Indians are aware of the magnitude of the demand when they ask for it at every meeting of the Industrial Conference or at other gatherings; but there are also others, who, while denying their incapacity to profit by Home Rule, still cry for fiscal autonomy. Unless they have completely deceived themselves, what they demand is that the Government of India—and not the people—should regulate our fiscal policy. How ridiculous is their contention! Do they suppose for one moment that the Government of India, so subordinate in every respect to the Imperial Government, will, in the matter of trade policy alone, be made irresponsible? We say "irresponsible" deliberately, because in that one problem, there will be no control over them—either by the people or by the Imperial Government. Few thoughtful Indians will consent to give that despotic power to a few officials, and surely no English statesman will bestow even a passing thought on that preposterous suggestion. The Government of India not to be amenable to the Parliament in fiscal matters alone! They will more readily give India Home Rule.

Thus, if fiscal autonomy is not to be accompanied by political autonomy, the only alternative trade policy is that regulated as at present. Deluded people may call it fiscal autonomy, but only the deluded will give it that noble name. Autonomy there will surely not be so long as the Government of India is constituted as at present *i.e.*, controlled from England by the India Office, or the London

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Traders, or the Manchester Cotton Lords, or the Parliament. Whoever be the real masters there, matters very little to us. We demand that the statesmen on the spot must lay down the State policy and that will not be until we get Home Rule when, though on paper we may not have control over fiscal matters, we shall have the supreme voice in them as do the Colonies.

Students of Indian fiscal policy are thus confronted with two conflicting hypotheses : policy under Home Rule or without it. Discussion on the basis of the first is now of value mainly to bring home to the reader the great disadvantage under which this country has to suffer until we obtain our political salvation, and very likely we shall then proceed on the lines sketched out by List for countries in the position of India. With that we need not, however concern ourselves at this moment. The fiscal post-War policy of India will be decided before we obtain Home Rule—if it has not been decided already. The Imperial Conference has voted in favour of Preference and by that we shall probably be bound in the near future. Still a discussion of the policy best suited to the requirements of India may prove very helpful at this stage.

One by one, the non-Indian commercial bodies have expressed their opinion on the trade policy after the War. Their proposals seem to be along these lines: Preferential treatment ought to be meted out to the members of the British Empire. Outside these there must be another ring, composed of the Allies in the present War. Next should come the neutral, and finally the enemy countries who must be wholly shut out or be discouraged by heavy restrictions. The picture looks ideal to many Imperialists, specially of the jingo type of whom many abound in India but it is doubtful whether the scheme is workable. Will it be possible to differentiate minutely in the way proposed between the components of the Empire, the Allied countries and the neutrals? Several competent men in England alone are doubtful whether even Germany can be ostracised as at present proposed. Napoleon tried a similar plan against England and students of history know how miserably he failed. It

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may be that to-day the feeling against Germany is stronger all over the world than it was against England a century ago; but it remains to be seen whether at the conclusion of peace, hatred and distrust will not considerably dimish. We shall not discuss this problem any further, because to us, the people of India, the most important question is whether the policy advocated by Imperialists will be of any advantage.

What does India require jsut at this stage of her industrial development. (1) An effort must be made to utilise the raw products in the country alone and export only the surplus. (2) Imports of manufactured articles that can be made here must be reduced. (3) We must have the greatest possible competition for our surplus exports of either raw or manufactured articles.

We do not think any patriotic Indian will deny these three conditions. That being so, we have to consider which trade policy will be most acceptable to us. First, let us ask ourselves whether the present Free-Trade policy will be of great avail. We know the results achieved by its adoptors. It has reduced India to a position of servile dependancy on foreigners. We have to look up to them for the sale of our raw products, and they alone can supply the manufactured goods. The position we have thus been reduced to is well described in one of the stories of Sishir Kumar Ghose, the founder of the *Amrita Bazar Patrika*. It seems a Brahmana once came to Calcutta with a servant and passed his days without much trouble by employing the latter as a beggar. The latter went round every morning and collected a decent sum of money which the Brahmana employed to secure his comforts and the crumbs that remained were given to the servant. Thus the Indian raiyat toils hard to produce the raw products which he sends to the foreign master, whether he be in America, England, France or Germany, and after the latter takes what he needs for his own people, he sends the balance here for the benefit of the raiyats. The only trouble the foreigner takes is to manufacture the articles required by the world, a process similar to the cooking done by the Brahmana in the story.

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The Indian has served long enough in that dependant position and it is time that he thinks of freeing himself. And for that the Free-Trade policy is of no avail to us. Being better organised, the foreigner can compete with and crush us without any great exertion, and we must have protection from him until we too are organised as well as him.

Shall we then ask for Protective Tariffs? Educated opinion in India is fairly unanimous on that point. The infant industries in India need protection; but with this safeguard, *viz.*, that non-Indians would not be encouraged to build up industries in this country. Whether any such restriction will be accepted by the Government before we have Home Rule is very doubtful and without that restriction, we are not in favour of any decisively protective policy.

At this stage, it may be useful to the average reader to discuss one of the reasons that is advanced by some theorists against the adoption of Protection here. They urge that Protection may give rise to some of the ugly developments that we see in Germany or France, which are calculated to exploit the masses in favour of a few capitalists. Such critics however ignore one essential consideration regarding India, which is not a country of the smallness of France or Germany, but which is greater than Europe either in natural resources or the number of inhabitants. The reader may also be reminded of Lord Morley's view that the Protective Tariffs are without touch of their prejudicial effect in the United States because of their vaster resources than a small country like England. That argument appeals with far greater force to the continent of India, and the extent of the country will be a very strong factor in preventing any combines for the exploitation of the masses as is seen in some of the small European States.

When thoughtful Indians demand Protective Tariffs, they do not ask for such prohibitive rates as one or two hundred per cent. Such a policy would be ruinous to the people and the tendency all over the world is against them. At best, the Tariff wall may go as high as twenty per cent, but of course with two exceptions. First, where foreign competitors receive bounties, the rate here will be the ordinary one plus the rate of bounty.. Secondly, prohibitive

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tariff will have to be imposed against such articles of vice as cigarettes or alcoholic drinks. In the case of both or such other ruinous articles of import, the rate may well be five hundred per cent if not even more—of course after making allowance for imports which are required for "bona fide" medicinal purposes.

We shall now pass on to the exciting subject of Preference, to the adoption of which as a trade policy, the "representative of India" at the Imperial Conference have given their tacit consent. The mere fact that these august people had not a word of dissent to utter must make us pause a while before we utter a word of adverse comment; but we must point out with due respect to those gentlemen that none of them have been known for their mastery of our commercial problems, nor have we heard of their having dissented on any subject that came up for consideration at the Conference. We do not however contend that Preference has no advantages at all to give for India. Where our articles of export have to compete with those of other countries, within the Empire, we shall be placed in a better position. Secondly we shall receive a fair amount of Protection for those industries which have to fight against those in France or America. But let us ask ourselves to what extent we stand to gain in either of these directions. Our articles of export, according to their value are :

Rice	... ...
Wheat	... ...
Cotton (raw)	... ...
„ (manufactured)	... ...
Opium	... ...
Seeds	... ...
Hides and Skins	... ...
Jude (raw)	... ...
„ (manufactured)	... ...
Tea	... ...
Wool	... ...
Lao	... ...

In how many of these are we afraid of foreign competition? None except perhaps tea, even where the planters have been able more than to hold their own all these years. What is

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even more important, in which of the articles will the Empire give a customer strong enough to accept all our supply? Most probably the prices will fall the moment Preference is established. Manchester will get our cotton cheaper because of the monopoliy it will hold in that commodity in the Empire; and equally bad will be the fate of the producers of our other raw products; but surely that is no advantage to us. We venture to assert without any fear of contradiction that on the export side of our trade, which is more voluminous than on the imports side—Preference wills be to our decided disadvantage.

Let us now turn to the import and examine what Preference promises us. Mentioned in the order of their value, our imports are:

Cotton manufactures	... ...
Metals and ores ...	... ...
Sugar	... ...
Railway plant and rolling stock	...
Machinery and mill works	... ...
Silk, raw and manufactured	... ...
Hardware ...	... ...
Oils	... ...
Woolen goods ...	... ...
Liquors... ...	... ...
Provisions ...	... ...
Glass	... ...
Dyeing material ...	... ...
Paper	... ...
Chemicals ...	... ...

In connection with these, let us first ask in which of these Preference will give some sort of Protection. Not in cotton manufactures which form the most important item. We shall have them from Lancashire, perhaps without the duty recently imposed, which, we have been promised by Mr. Bonar Law, is against the canons of advocates of Preference.

In sugar Java may be discouraged but not Mauritius or the West Indies.

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In metals, railway plant and machinery, we get a large portion from parts of the Empire and it will not be wise to restrict imports since we need them for our own advantage to develop this country.

We shall not pursue the analysis further, and if the reader cares to do it for himself, he will come to the conclusion that in the matter of imports too, Preference has not much to promise us.

Let us remind the reader once again that when we obtain Home Rule, Preference will not be so objectionable. The Government of India will then have greater influence in the Council of the Empire, than it now has, to fight for those small ajdustments which can make sacrifice more acceptable. Thus, it will not then be difficult to mix Protection with Preference and request the Empire to be content with terms less exacting. To give a concrete instance, Manchester may be asked to put up with an import duty of 7½ per cent with the assurance that cotton manufactures outside the Empire must pay 15 per cent. Such an arrangement will be good for India and the Empire; but now, with a Dependant and not Self-Governing Government at Simla, it will be almost impossible to secure such adjustments. As a matter of fact, Mr. Bonar Law has told us that Preference will not accept the import duties recently imposed. That is the difference which Home Rule will make for India in the field of commerce.

The people of India have therefore no option—specially in view of the present status of the Government of India—but to request a reconsideration of the decision arrived at by the Imperial Conference on the subject of Preference; and briefly stated our reasons are these:

1. Our Government will not be in a position to secure as good terms for India as the Government of the Colonies or of England in giving a concrete shape to the Preference idea.

2. India is so entirely dependent on foreign countries that to restrict her customers will occasion monopolies which will deal a double blow to the mass of people here—by lowering a demand for our exports and restricting the countries from which we can import.

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3. The measure of Protection which it will give to our industries will be extremely limited, if at all worth having.

4 It will compel India to pay higher prices for some of those foreign articles the imports of which must be increased, such as machinery from America or Germany.

As we have said, Anglo-Indians are in favour of Preference and one can easily understand why it is. They are the middlemen for our foreign trade with the Empire and the creation of monopolies under Preference must therefore be to their advantage. We have yet to come across a document where a serious effort has been made to prove that Preference is to the disdinct advantage to the people of India, and it is by their interests that we or our Government must be guided.

The reader will probably be helped greatly in understanding the problem dealt with here by a perusal of the following extracts from a very well informed article which appeared in the "New Statesman" when cotton duties formed the subject of keen controversy in England:

Some interesting facts have come into focus in the course of the brief controversy. It is, for instance, curious that on cotton manufactures alone is there, in India, any countervailing excise duty at all. The Indian custom-houses levy a general duty of 7½ per cent. on imports (except coal, machinery, raw cotton and yarn, wood pulp, raw wool and railway materials), a duty which to this extent "protects" the Indian manufacturer in clothing and boots, woollen, linen, India rubber wares of all sorts, stationery soap, paper, earthenware and glass, leather goods, and the thousand and one manufactured articles that are shipped to India. Yet Lancashire alone has been powerful and persistent enough to insist on our compelling the Indian Government, in the teeth of the strongest Indian opposition, maintained for a whole generation, to impose a countervailing excise duty—not, as a matter of principle, on every Indian manufacture as it raises its head, but only on that particular one in which a specially powerful British industry was concerned.

Another interesting fact is that there is here no question of protecting the village industry, which still provides a large proportion of the cotton goods used in India. Along with other Indian manufactures (except the proprietors of cotton mills) the hand-loom weaver enjoys the trifling protection of the import duty without being subjected to any excise duty. He has been struggling against the rapidly growing Indian factory industry. Now this factory

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industry is to receive a new concession in the shape of fiscal protection against Lancashire, which is expected to make it develop still more rapidly, It is a strange kind of Indian Protection which fosters the Bombay cotton mills against the village handlooms. We suspect that the patriotic Indian, like the British official, shares with theirs the wish to "see the tall chimney's smoke."

What is, however, the most important feature of the controversy is that we have now officially recognised, for the first time, that Indian fiscal policy must be directed by the weight of Indian opinion, even if this involves a course inconvenient or injurious to the British manufacturer. Now, there is, no doubt that all India which has any opinion at all, irrespective of colour or position, from the most extreme Nationalist student or wandering preacher up to the Lieutenant-Governors of the Provinces and the honourable members of the Viceroy's Council, is overwhelmingly Protectionist. They all resent what they consider the continual "drain" involved in the purchase of European import; and the Indians, at any rate are not consoled—they are indeed, further annoyed—by the consequent export of Indian foodstuffs and raw materials. For a whole generation practically every Indian writer and orator has claimed for his country the benefit of the "infant industry" argument. They would, if they had had their way, have protected the nascent Bombay cotton mills, which have, without this aid, grown to such elephantine size. It is especially against the United Kingdom that fiscal protection is demanded. What position against this demand can be taken up by those who wish to see India eventually self-governed, and in the meantime governed not only for the benefit but actually according to the desires of the Indians themselves?

We believe that the Indian Government, far from maintaining an Olympian aloofness from industry, should throw its whole weight, and use its utmost ingenuity, in favour of the development of Indian manufactures as well as Indian agriculture. There should be, in India, no Whig nonsense about *laissez faire*. But this is not to say that the Indian Government ought to adopt every crude expedient of the untutored Protectionist. The Government is responsible in India for putting brains into the problem; and for achieving what India wants in the best possible way. We see for instance, no reason for protecting Bombay cotton mills rather than the village hand-loom weaver, or cotton at all in preference to wool. There is more to be said for maintaining and developing the handicraftsman in brass, and the potter with his wheel, against the products of the grimy factories of Walsall and Stoke-upon-Trent,

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But the characteristic mistake of Free Traders and Protectionists alike is to assume that, not only the best but actually the only alternative to "Free Trade" is a Protective Tariff. We should prefer to put before the Indians, for their consideration and discussion, quite a different policy, which might equally be called that of Protection for Native Industries, but which would, we believe, achieve that end in a safer and a less burdensome way than by leaving Customs duties. Government provision of improved hand-looms, and the latest improvements in the tools for other handicrafts; Government provision, if need be, of the best and cheapest raw materials and components for every native industry; Government provision of technical education, and (by scholarships) actually of trained artisans; Government organisation of banking and credit, so that capital for the small man should be accessible and cheap—the whole worked principally through a minutely subdivided Local Government centring on the village, and through the Co-operative Credit Society—this kind of "Protection," not a Customs Tariff (which affords no protection against the Bombay factory), is what is required to maintain, for the Indian villagers, their "place in the sun." The guaranteed Government orders and virtual subsidies accorded to the great Tata Steelworks—which do not tend to raise prices, and therefore impose no tax on the consumer—afford a safer and a sounder method for developing Indian manufacturing industry on a large scale than a tariff on what (like coal) is virtually the raw material of other industries. But one thing is clear. We must no longer pretend that our duty to the starving ryot compels us to impose "Free Trade" on India.

We do not, however, feel confident that these suggestions will be expected, nor is the general attitude of those in power towards our trade and industrial problems very encouraging. For instance, in the "Imperial Trade Supplement," published by the *Times of India*, we find a few special messages from persons in authority, in which occur the follwing sentences.

Mr. Chamberlain writes : India rightly desires to develop her own manufacturing industries, but there is plenty of room for all the enterprise on the parts of British merchants and manufacturers in utilising her raw materials and in supplying her with the goods that even under the most favourable circumstances she cannot hope to provide for herself."

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Lord Hardinge writes: "The surplus of India's immense resources in produce and raw material should find a ready demand within the Empire, while her population of 315 million souls forms a vast potential market for the British manufacturer. A close study of Indian conditions with a view to supplying India's exact requirements would pay the outlay a hundred fold."

Lord Curzon writes: "I see no reason why the British Empire should not supply to India nearly the whole of the manufactured articles of which she stands in need, while reciprocally, India produces an ever increasing amount of staple necessities for which the Empire constitutes the best market."

Sir George Reed, Ex-Premier of Australia, writes: "We are all talking of the great things we will attempt in the way of trade after the War, Is there any field for British enterprise more likely to yield good results than India ?"

Sir Albert Stanley, President of the British Board of Trade, writes: "Though the United Kingdom already holds the lion's share in India's import trade, there is still room for expansion especially in those trades where German competition had began to encroach upon our commerce."

Every one of these statements must be noted. The kindest of them all has come from Lord Curzon who is most anxious to see that the Indian shall continue to be a hewer of wood and drawer of water. His one aim is to see that we produce the raw products and that the rest of the Empire gives us those articles back in a manufactured condition—thus making a decent profit at the expense of India.

There is not much to choose between his message and that of others, quoted above, except in the degree of their frankness. Mr. Chamberlian, influenced by his official connection with India, is a bit generous and tell us that there is scope for both of us. Without such a reminder to the British capitalists, we know how many industrial concerns are under Indian control; when the others increase, one can see what the percentage of the latter will be.

The only person who has spoken with a statesman's grasp of the situation is Lord Islington who is anxious for

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the development of Indian manufactures, but he is in the most striking minority of one. Will the people of India consider what that means? Where is the new angle of vision which we are told found expression in the appointment of the Industrial Commission, whose efforts have so far proved to be no other than a mountain in labour?

The principle—India for Indians—has not yet been accepted by British statesmen in industrial affairs. And if that has not been so in spite of what India has done in this War, he must indeed be a very deluded person who expects the acceptance of that view in the near future—unless of course we have a Home Rule Government here which will voice the interests of India as steadily and persistently as do the Governments of the Self-Governing Colonies.

APPENDIX A.

The following analyses of our foreign trade given by the *Times of India* shows to what extent Preference will be'runious to India :

The Import trade of India which was valued in the last prewar year at £122 millions is divided into three main heads. The first of these, Food, Drink and Tobacco, aggregated £16·4 millions, the main item of which to £9·9 millions of sugar. The second head comprising raw materials and unmanufactured articles was valued at £ 7 millions; the principal item here was mineral oils £2 9 millions. The main characteristic of the import trade is however in manufactured articles, which count for £96 millions out of the total £122 millions. Yarn and textile fabrics alone contributed £ 50 millions to this figure. This trade is distributed under the following heads :—

Apparel	...	£ 1,669,389
Arms, Ammunition, and Military Stores	...	236,713
Carriages and carts including cycles and motor cars	...	1,422,667
Chemicals, drugs and medicines	...	1 605,669
Cutlery, Hardware, Implements (except machine Tools) and instruments	...	4,299,140
Dyes and Colours	...	1,510,933
Furniture, Cabinetware, and manufacturers of wood	.	224,323
Glassware and Earthenware	...	1,728,667
Hides and Skins, tanned or dressed and Leather	...	266,683

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Machinery of all kinds including belting for machinery	...	5,508,397
Metals, Iron and Steel, and manufacture thereof	...	10,663,249
Metals other than Iron and Steel, and manufactures thereof	...	4,010,801
Paper, Pasteboard and Stationery	...	1,524,982
Railway Plant and Rolling Stock	...	6,689,794
Yarn and Textile fabrics	...	50,360,043
Miscellaneous	...	5,055,963

Of this trade in manufactured articles amounting to £ 96·7 millions the greater share is with the United Kingdom which takes £ 75·3 millions of the whole. The share of Foreign countries is however increasing at a faster rate than that of the United Kingdom. Whereas in the last five years the total from the United Kingdom has risen from £ 46 millions to £ 75 millions, imports from the Foreign countries have risen from £ 11·9 millions to £21·4 millions. The chief items in which foreign countries are making a headway are yarn and textile, fabrics, metals and glassware. The actual distribution of these main items of trade between the British Empire and the Foreign countries will be gathered from these tables :—

MANUFACTURED ARTICLES.		British Empire. £	Foreign Countries. £
Apparel	...	992,493	676,896
Arms, Amunition and Military Stores	...	217,400	19,313
Carriages and carts including cycles and motor cars	...	1,081,704	340,963
Chemicals drugs and medicines	...	1,071,274	534,425
Cutlery, Hardware, Implements (except machine tools) and instruments	...	2,625,018	1,666,122
Dyes and Colours	...	552,779	958,154
Furniture, Cabinetware, and manufactures of wood	...	130,454	93,869
Glassware and Earthenware	...	436,014	1,292,653
Hides and Skins, tanned or dressed and Leather	...	234,955	31,728
Machinery of all kinds including belting for machinery	...	4,965,043	543,354
Metals, Iron and Steel, and manufactures thereof	...	7,453,507	3,209,742

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Metals other than Iron and Steel and manufactures thereof	...	2,302,476	1,708,325
Paper, Pasteboard and Stationery	...	933,350	591,732
Railway Plant and Rolling stock	...	6,429,946	259,848
Yarn and Textile Fabrics	...	42,634,905	7,725,138
Miscellaneous	...	3,268,274	1,787,690

WHAT INDIA SELLS.

The Export trade of India in the year with which we are dealing was valued at £ 163 millions, which, with the import trade of £ 127 millions, leaves a balance of trade of £ 31 millions in favour of the country. As the distinctive feature of the import trade is the commerce in manufactured articles so the distinctive feature of the export trade is the shipment of raw materials. Taking the same three classes as we had on the consideration of the import trade, we find that the exports of food, drink, and tobacco were valued at £ 43·1 millions, of manufactured articles at £ 36·3 millions and of raw materials £81.6 millions. It is with the export of raw materials that we have therefore chiefly to do although India has built up and is expanding a large trade in yarn and textile fabric which was in 1913-14 valued at £ 27·1 millions. The export of raw materials is indicated in the following table :—

Coal, Cooke and Patent Fued	...	...	...	461,424
Gums, Resins and Lac	...	...	...	1,376,615
Hides and Skins, raw	...	...	...	7,815,276
Mettalic Ores and scrap iron or steel for remanufacture	...	...	...	1,034,494
Oils ...	...	...	...	657,085
Seeds...	...	...	...	17,116,959
Tallow, Stearine and Wax	...	...	...	72,202
Taxtile Materials	...	...	...	50,429,492
Wood and Timber	...	...	...	702,184
Miscellaneous	...	...	...	1,976,637

It is shown in dealing with the import trade that the United Kingdom took the largest share of this traffic. In the export trade the converse applied because by far the larger part of this trade is done with foreign countries. For instance, purchases of Indian produce in the British Empire were valued at £ 18·6 millions and by foreign countries at £ 62·9 millions. The reason for this is that now the United Kingdom takes very little of the Indian cotton production which goes to the Continent and to Japan, whilst in normal times the Continent of Europe is the cheif buyer of

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oilseeds which bulk so largely in the Indian trade in produce. The distribution of this trade will be gathered from the following tables:—

	British Empire.	Foreign Countries.
	£	£
Coal, Coke, and Patent Fuel.	400,393.	61,031.
Gums, Resin and Lac. ...	422,698.	953,917.
Hides and Skins, raw. ...	396,132.	7,419,144.
Mettalic Ores and scrap iron or steel for remanufacture. ...	380,397.	654,097.
Oils. ...	854,159.	302,926.
Seeds. ...	4,106,245.	13,010,714.
Tallow, Stearine and Wax	29,732.	42,470.
Textile Materials. ...	11,040,842.	39,388,650.
Wood and Timber. ...	418,814.	283,370.
Miscellaneous. ...	1,139,212.	837,425.

If we turn to the countries which principally compete with the United Kingdom and the British Empire for the import trade of India we find the following statistics :—

	£
Germany, ...	8,443,862.
Belgium.	2,838,542.
France.	1,794,406.
Italy.	1,463,610.
Austria-Hungary	2,860,279.
Java.	7,163,318.
Japan.	3,186,762.
United States.	3,193,579.

The imports from Germany show a steady and progressive rise having doubled during the period 1909—1910 and 1913—1914.

APPENDIX B.

The Anglo-Indian proposals regarding our trade policy are thus described by the *Times of India*.

The foreign trade with India is materially facilitated by the tariff system adopted. The tariff in India is, broadly speaking, one for revenue purposes only and all foreign countries compete in the Indian Market on equal terms with the produce of the manufactories of the United Kingdom. On this subject Mr. M. de P. Webb, C.I.E., who is a recognised authority, writes "One of India's

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important needs and legitimate aspirations at the present days is industrial expansion (1) to relieve her congested agricultural industries, (2) to provide further occupations for those located in districts liable to rain failure and (3) to create a variety and multiplicity of swadeshi commercial undertakings and home markets suitable and profitable for Indians of all tastes, capacities, and races. These needs and ambitions can be met by modifications of the Indian Customs which, whilst not adversely affecting British interests, would materially assist India's foreign and internal trade: Thus, the manufacture in India of sugar, shawls, cotton goods, of low qualities, steel, metal work, enamelled ware, carpets, lace, pottery, indigo, glassware, oils, vegetable and mineral, toys, perfumes pencils, lamps, etc., none of which are supplied in large quantities by the United Kingdom, could be encouraged by a scientific adjustment of the Indian Tariff. With regard to Indian exports, Great Britain could give encouragement to India's wheat, Jute, Indigo, Tea, Coffee, tobacco, etc., while foreign nations could be approached with confidence if India possessed retaliatory powers with regard to her tariff. Russia's preference for Chinese tea, for example, might be modified if India's regard for Russian petroleum were restricted. So, too, Germany's discrimination with regard to manufactured jute, cleaned rice, etc., might be met by an Indian discrimination with regard to German manufactures. The United States and France might be similarly considered and all without the slightest risk to Indian or British commercial interests."

THE FUTURE.

To indicate the future possibilities of Indian trade the following broad facts stand out. Whilst there has been a considerable expansion of the manufacturing power of India, both before the war and under the stimulus of the war, India remains and will long continue to remain, largely dependent upon foreign countries for many of its principal needs in manufactured goods. The hold which our competitors have obtained on this market is strong and will not be relaxed without a concerted effort. Public opinion in India is now almost unanimous in demanding a tariff to protect the infant industries of India. Public opinion is equally unanimous in desiring that the maximum possible share of the foreign trade shall be with the united Kingdom, and for this reason will welcome a preferential system with the mother country. Assuming that these fiscal relations are established, British Manufacturers must make a definite and organished attack upon the trade which foreign countries have hitherto carried on with India. This trade in manufactured goods

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naturally divides itself into two branches. In the great market for machinery the principle now accepted in India is that the best is only just good enough. Nothing short of the very best machinery will in future secure a market in India. Then there is an enormous range of manufactured goods of lesser importance where the governing standard is cheapness and special relation to the Indian market. To secure this against the competition of Japan and the Continent the peculiar needs of the market must be closely and scientifically studied and prices brought down to the uttermost minimum. English houses must be very directly represented in India through Agents who will travel about the country knowing the habits and customs of the people and speaking their vernaculars. In the past there has been a lamentable contract between the methods of Germany and more recently of Japan in adapting themselves to the needs of the Indian market in comparison with the conservatism of the British manufacturer. Given these conditions, we repeat that India offers to the other parts of the British Empire the greatest potential market in the world.

[The picture looks enticing, but shall we ever see it in practice? Will the British consumer pay ten per cent more for whear for getting it from India rather than from Argentina, as he will have to do if India were to benefit from Preference. The sacrifice demanded will have to be borne mainly by the voiceless *dependency* of India.]